Parole Board of Canada | Commission des libérations conditionnelles du Canada

Quarterly Financial Report for the Quarter ended September 30, 2016

Canada

Parole Board of Canada

Introduction

This quarterly report has been prepared by management as required by section 65.1 of the *Financial Administration Act* and in the form and manner prescribed by the Treasury Board Accounting Standard 1.3. This quarterly report should be read in conjunction with the Main Estimates and Supplementary Estimates. It has not been subject to an external audit or review.

Authority and Objectives

The Parole Board of Canada (PBC or the Board) is an independent administrative tribunal responsible for making decisions about the timing and conditions of release of offenders to the community on various forms of conditional release. The Board also makes record suspension decisions and recommendations for the exercise of clemency through the Royal Prerogative of Mercy (RPM).

Legislation governing the Board includes the *Corrections and Conditional Release Act* (CCRA), the *Criminal Records Act* (CRA), and the *Criminal Code*. The CCRA empowers the Board to make conditional release decisions for federal offenders and offenders in provinces and territories without their own parole boards. Provincial Boards currently exist in Quebec and Ontario. The CRA entitles the Board to order, deny and revoke record suspensions for convictions under federal acts or regulations. The Governor General or the Governor in Council approves the use of the RPM for those convicted of a federal offence, in all jurisdictions, based on investigations by the Board and recommendations from the Minister of Public Safety.

The Board has one strategic outcome: Conditional release and record suspension decisions and decision processes that safeguard Canadian communities. This strategic outcome is the cornerstone of the Board's public accountability and reporting of results.

Further details on the Board's authority, mandate and program activities may be found in the PBC's Report on Plans and Priorities.

Basis of Presentation

This quarterly report has been prepared by management using an expenditure basis of accounting. The accompanying Statement of Authorities includes the Board's spending authorities granted by Parliament and those used by the department, consistent with the Main Estimates and Supplementary Estimates for the 2016-17 fiscal year. This quarterly report has been prepared using a special purpose financial reporting framework designed to meet financial information needs with respect to the use of spending authorities.

The authority of Parliament is required before moneys can be spent by the government. Approvals are given in the form of annually approved limits through appropriation acts or through legislation in the form of statutory spending authority for specific purposes.

When Parliament is dissolved for the purposes of a general election, section 30 of the *Financial Administration Act* authorizes the Governor General, under certain conditions, to issue a special warrant authorizing the government to

withdraw funds from the Consolidated Revenue Fund. A special warrant is deemed to be an appropriation for the fiscal year in which it is issued.

The Board uses the full accrual method of accounting to prepare and present its annual departmental financial statements which are part of the departmental performance reporting process. However, the spending authorities voted by Parliament remain on an expenditure basis.

Highlights of Fiscal Quarter and Fiscal Year to Date Results

Significant Changes to Authorities

As at September 30, 2016, total authorities available for the year have increased by $0.7M compared to the same quarter of the previous year, from $48.4M to $49.1M. The major changes are as follows:

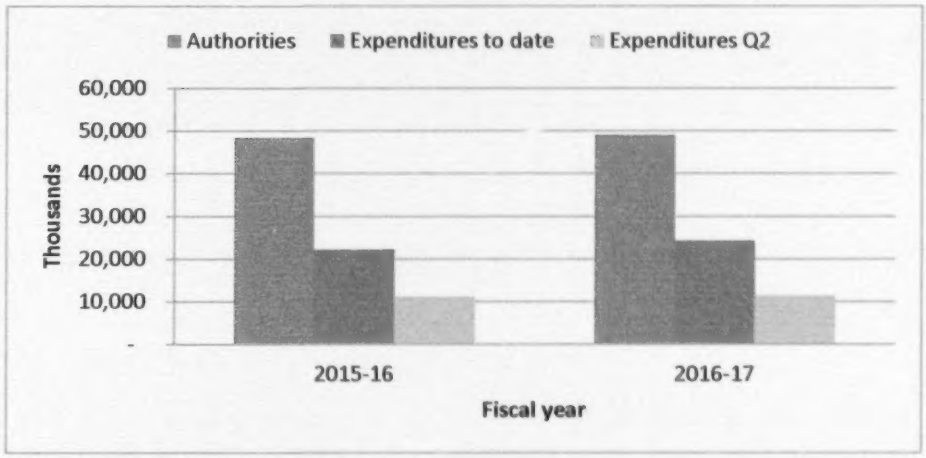
Quarter 1:

- An increase of $0.1 million related to funds received for The Canadian Victims Bill of Rights;
- An increase of $0.1 million related to the Employee Benefit Plan (EBP).

Quarter 2:

- A net increase of $0.4 million in regards to the annual amount of operating budget carried-forward from the previous fiscal year;
- An increase of $0.1 million related to a reduction for Back Office Transformation which occurred in 2015-16 but not in 2016-17.

Figure 1 – Second Quarter Expenditures Compared to Annual Authorities



Significant Changes to Gross Budgetary Expenditures

Year-to-date (YTD) net spending increased by $2.1M or 10% in 2016-17, compared with the same quarter in 2015-16. Gross budgetary expenditures increased by $1.7M or 7% and the revenue decreased by $448K or 24% in 2016-17 compared to 2015-16. As a percentage of planned expenditures, year-to-date gross spending in the second quarter of 2016-17 increased over that of 2015-16, to 47% compared to 44% ($25.6M in 2016-17 and $23.9M in 2015-16).

The following paragraphs provide detail of significant changes, focusing on occurrences in the second quarter:

- Personnel expenditures decreased by $808K or 7% in the second quarter of 2016-17 ($624K or 3% increase year-to-date). This decrease is largely due to performance pay for excluded employees, which is usually paid in the second quarter, not yet paid due to various problems related to transition to the new pay system Phoenix. Additionally, changes were made in the frequency on the recoveries of salary with other government departments from annually to quarterly.
- Transport and Communications decreased by $36K or 7% from the second quarter of 2015-16. This decrease is due to the relocation of an employee that occurred in the second quarter of last fiscal year which did not occur in 2016-17.
- Professional and special services decreased by $32K or 5% in the second quarter of 2016-17 compared to the same period in the previous fiscal year. This is due to a combination of various increases such as legal costs, consulting services for user fee costing and decreases in informatics technology consulting expenses, systems maintenance expenses as well as translation services.
- Repair and maintenance increased by $611K compared with the second quarter of last year. This increase is related to expenditures for the Board's Edmonton Office relocation.
- Loans Investments and Advances is a new amount this year due to salary advances made ($54K to year-to-date) because of various problems related to transition to the new pay system Phoenix.

Significant Changes to Revenues Collected

The number of record suspension applications accepted in the second quarter of 2016-17 was 1,599, which is 36% less than the same quarter in 2015-16. This resulted in a corresponding 36% or $424K decrease in revenues collected in the second quarter of 2016-17 compared to 2015-16.

Risks and Uncertainties

The PBC receives its funding through annual Parliamentary authorities. As a result, its operations are affected by any changes in funding approved through Parliament. The Board collects user fees for processing record suspension applications, and has the authority to spend revenues received during the year on activities related to processing applications for record suspensions. If lower than expected volume persists, this will have an impact on the Board's net financial situation.

Significant Changes in Relation to Operations, Personnel and Programs

No significant changes in this quarter.

Approval by Senior Officials

Approved by,

Harvey Cenaiko	Cathy Gaudet, CPA, CA
Chairperson	Chief Financial Officer

Ottawa, Canada
November 14, 2016

Statement of Authorities (unaudited)

(In thousands of dollars)	Fiscal year 2016-2017			Fiscal year 2015-2016		
	Total available for use for the year ending March 31, 2017*	Used during the quarter ended September 30, 2016	Year to date used at quarter-end	Total available for use for the year ending March 31, 2016*	Used during the quarter ended September 30, 2015	Year to date used at quarter-end
Vote 1 – Program expenditures	48,599	10,561	22,579	48,169	10,833	21,034
Less revenues netted against expenditures	5,645	752	1,443	5,645	1,176	1,891
Total net Program expenditures	42,954	9,809	21,136	42,524	9,657	19,143
Budgetary statutory authorities - EBP	6,119	1,530	3,060	5,894	1,474	2,947
Total authorities	49,073	11,339	24,195	48,418	11,131	22,090

Departmental Budgetary Expenditures by Standard Object (unaudited)

(In thousands of dollars)	Fiscal year 2016-2017			Fiscal year 2015-2016		
	Planned expenditures for the year ending March 31, 2017*	Expended during the quarter ended September 30, 2016	Year to date used at quarter-end	Planned expenditures for the year ending March 31, 2016*	Expended during the quarter ended September 30, 2015	Year to date used at quarter-end
Expenditures						
Personnel	43,977	10,210	22,519	42,955	11,018	21,895
Transportation and communications	3,960	510	986	4,585	546	906
Information	374	13	27	339	14	26
Professional and special services	5,362	645	1,246	4,590	677	950
Rentals	198	28	68	249	30	53
Repair and maintenance	142	619	635	107	7	18
Utilities, materials and supplies	424	29	44	471	47	72
Acquisition of machinery and equipment	265	17	22	765	32	47
Other subsidies and payments	16	(7)	37	2	(64)	14
Loans Investments and Advances	-	27	54	-	-	-
Total gross budgetary expenditures	54,718	12,091	25,638	54,063	12,307	23,981
Total revenues netted against expenditures	5,645	752	1,443	5,645	1,176	1,891
Total net budgetary expenditures	49,073	11,339	24,195	48,418	11,131	22,090

*Includes only Authorities available for use and granted by Parliament at quarter end.